

Add at the end of Article 8(a):

The Contracting Officer shall adjust the amount of Project Water for which payment is required to the extent of any reduction in diversions of Project Water made in accordance with the water conservation provisions of Article 29(e).

Add to Article 29:

- (e) In order to provide incentives for water conservation, the Contracting Officer may reduce the amount of Project Water for which payment by the Contractor is required under Article 8(a) in accordance with the provisions of this Article 29(e).
1. On or before February 15 of any Water Year, the Contractor may file with Reclamation an Offer to Reduce Project Water Use, hereinafter referred to as Offer. The Offer shall specify the maximum quantity of Project Water to be diverted by the Contractor for each month that Project Water is available for that Water Year under this Settlement Contract. The Contracting Officer shall provide the Contractor with a decision, in writing, to the Offer on or before March 15 of that Water Year. The dates specified in this Article 29 (e)(1) can be changed if mutually agreed to, in writing, by the Contractor and Contracting Officer.
 2. If Reclamation accepts the Offer, the Contractor's payment obligation under Article 8(a)(1) shall be reduced to the maximum quantity of Project Water to be diverted by the Contractor as specified in the Offer. The Contractor shall not divert Project Water in excess of the monthly quantities set forth in the Offer: Provided, however, if the Contractor's diversions of Project Water exceed the monthly quantities set forth in the Offer, the Contractor shall pay to Reclamation the applicable Rates and Charges plus a penalty assessment equal to the applicable Rates and Charges, unadjusted for ability to pay, for each acre-foot of Project Water diverted in excess of the quantities set forth in the Offer.
 3. If Reclamation decides not to accept the Offer, the Contractor's payment obligation will remain as specified in Article 8(a)(1).